



Sales Tax Revenue Shortfall Continues

Poloncarz Administration predicted 3.73% annual growth from 2012 to 2013. Actual growth for the first six months of the year is 2.87%. That equals over a \$3.5 million hole in this year's budget

(Buffalo) – Erie County Comptroller Stefan I. Mychajliw is reporting January 2013 - June 2013 sales tax revenue for Erie County to be \$204,100,885. That represents year-to-date sales tax revenue growth of only 2.87%. The actual sales tax growth for the first six months of the year falls far short of the administration's overly optimistic and aggressive projection of 3.73% growth.

Administration's projected Year-To-Date growth: 3.73%
Actual Year-To-Date Growth: 2.87%

There will be gaps in this year's budget if the Poloncarz administration falls short of its annual sales tax revenue growth projection of 3.73%. If sales tax revenue continued to grow at the pace at which it has for the first six months of the year, it would create over a \$3.5 million hole in the 2013 budget.

Potential Budget Gaps Based on 2013 Sales Tax Growth

Actual 2013 Year-to-Date 2.87%: - \$3,525,682
1%: - \$11,206,151
2%: - \$7,098,948
3%: - \$2,991,745
3.73%: \$0

Over the next six months **sales tax revenue must grow 4.5% for the remainder of the year** in order for the administration to reach their own overly optimistic projection of receiving \$426,033,687 for 2013.

2011 Sales Tax Revenue: \$400,993,639
2012 Sales Tax Revenue: \$410,720,332
2013 Projected Sales Tax Revenue: \$426,033,687

The year-to-date sales tax revenue growth for the first six months of 2013 (January-June) is 2.87%.

January-June 2012 Sales Tax Revenue: \$198,412,084
January-June 2013 Sales Tax Revenue: \$204,100,885
Year-to-Date Difference: + \$5,688,801 or + 2.87%

The budget gap figures comes on the heels of the Office of Erie County Comptroller releasing actual revenues received for June 2013 sales tax:

June 2012 Sales Tax Revenue: \$32,190,734
June 2013 Sales Tax Revenue: \$34,113,305
Difference: + \$1,922,571 or + 5.97%

The release of the June 2013 sales tax revenue report comes continued warnings representatives of both the Erie County Division of Budget and Management and Office of Erie County Comptroller of whether or not the Administration's own sales tax projections for 2013 are realistic:

"We are worried about some of the trends in sales tax."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"In sales tax, again, if we had to budget it over, I would have budgeted less in sales tax."

Source: Erie County Budget Director Robert Keating, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"The sales tax number is an area of concern."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"(We) hope that sales tax comes in better than we expect, but right now we don't think that is going to be the case. We think the budget for sales tax this year is overly optimistic. We are not going to make budget on that."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, March 14th, 2013

"We continue to hold up to our promise to closely monitor actual sales tax revenue and report the data to the public, Legislature, Control Board, and Administration. My office has been consistent in reporting information in a timely manner and letting everyone know exactly how big budget gaps could be, based on actual sales tax growth. The Polonczak Administration expressed worry and concern about their own sales tax revenue projections. Our office is pleased they admitted that they would have 'budgeted less' last year," said Comptroller Mychajliw.

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